

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 ISO-00 DODE-00 NSAE-00 ICA-11

TRSE-00 SOE-02 DOE-15 CIAE-00 COME-00 CTME-00 L-03

MCE-00 ACDA-12 LAB-04 SIL-01 SS-15 SP-02 NSC-05

STR-07 OMB-01 /109 W

-----012705 301404Z /47

R 301215Z MAY 78

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 1301

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

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CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS/ EGEN, BEXP, ESTC

SUBJECT: SAG TIGHTENS CONTROLS ON BUSINESS INFORMATION

1. SUMMARY: SAG HAS HAD PROVISIONS OF 1974 LAW FORBIDDING THE SUPPLYING OF BUSINESS INFORMATION TO FOREIGN SOURCES WITHOUT SAG PERMISSION CIRCULATED WITHIN BUSINESS COMMUNITY. IT HAS ALSO ANNOUNCED THAT NEW BILL FURTHER ELABORATING THESE CONTROLS WILL BE PRESENTED TO PARLIAMENT WITHIN A FEW DAYS.

2. INFORMATION FROM CAPE TOWN AND DURBAN CONGENS SHOWS THAT LOCAL CHAMBERS OF COMMERCE HAVE CIRCULARIZED THEIR MEMBERS DRAWING ATTENTION TO PROVISIONS OF SECOND GENERAL LAW AMENDMENT ACT OF 1974 WHICH STATES "EXCEPT WITH PERMISSION OF MINISTER OF ECONOMIC AFFAIRS, NO PERSON SHALL IN COMPLIANCE WITH ANY ORDER, DIRECTION OR LETTERS LIMITED OFFICIAL USE

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OF REQUEST ISSUED OR EMANATING FROM OUTSIDE THE REPUBLIC, FURNISH ANY INFORMATION AS TO ANY BUSINESS, WHETHER CARRIED ON, IN OR OUTSIDE THE REPUBLIC." CIRCULARS SPECIFICALLY STATE THAT INFORMATION REQUESTED BY AN AMERICAN SUPPLIER UNDER TERMS OF U.S. ARMS EMBARGO OR OTHER U.S. EXPORT CONTROL FALL UNDER TERMS OF THIS ACT.

3. SPECIFIC INSTANCE OF THIS AROSE RECENTLY WHEN AS PART OF ITS PARTIAL END USE CHECK OF PREVIOUSLY SOLD U.S. AIRCRAFT EMBASSY ASKED AIRCRAFT DISTRIBUTORS FOR LIST OF U.S. AIRCRAFT AND PURCHASERS SOLD IN 1975. DISTRIBUTORS AGREED TO SUPPLY INFORMATION BUT WERE THEN INFORMED TERMS OF SECOND GENERAL LAW AMENDMENT ACT OF 1974 APPLIED TO THIS INFORMATION. DISTRIBUTORS NOW HAVE REQUEST PENDING WITH MINISTER OF ECONOMIC AFFAIRS TO PROVIDE INFORMATION. THEY BELIEVE REQUEST WILL BE APPROVED AS MUCH INFORMATION IS REALLY PUBLIC KNOWLEDGE. DEP. WILL RECALL THAT SECOND GENERAL LAW AMENDMENT ACT WAS LAW WHICH PREVENTED LOCAL MOBIL OIL OFFICIALS FROM PROVIDING INFO FOR TREASURY DEPT. INVESTIGATION OF OIL FOR RHODESIA IN 1976-77.

4. IN ADDITION, PRESS HAS REPORTED ANNOUNCEMENT THAT GOVERNMENT WILL PRESENT IN PARLIAMENT WEEK OF MAY 29 NEW "PROTECTION OF BUSINESS BILL", WHICH MAKES THE PROVISIONS OF THE SECOND GENERAL LAW AMENDMENT ACT MORE EXPLICIT. NEW LAW REPORTEDLY STATES THAT "NO LEGAL JUDGEMENT, ORDER, DIRECTION OR ARBITRATION AWARD EMANATING FROM OUTSIDE SOUTH AFRICAN NOR ANY LETTER OR REQUEST SHALL BE ENFORCED IN THE REPUBLIC" WITHOUT PERMISSION OF MINISTER OF ECONOMIC AFFAIRS. ALSO IT WOULD BE ILLEGAL TO PROVIDE ANY BUSINESS INFORMATION TO A FOREIGN SOURCE WITHOUT THE LIMITED OFFICIAL USE

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PERMISSION OF THE MINISTER. PENALTIES FOR CONTRAVENING LAW ARE FINE OF R2,000 AND/OR TWO YEARS IN JAIL. EMBASSY IS ATTEMPTING OBTAIN OFFICIAL TEXT OF NEW BILL.

5. COMMENT: NEW BILL AND CIRCULARIZATION OF PROVISIONS OF 1974 BILL APPEAR TO BE EFFORT BY SAG TO CONTROL AND IF NECESSARY LIMIT BUSINESS INFORMATION BEING PASSED ABROAD. NEITHER LAW PROHIBITS THE SUPPLYING OF BUSINESS INFORMATION TO FOREIGN SOURCES BUT RATHER IMPOSES REQUIREMENT THAT SAG PERMISSION FIRST BE OBTAINED. IT IS YET TO BE SEEN HOW SAG WILL USE POWERS CONTAINED IN TWO LAWS. THEORETICALLY SAG COULD PREVENT SOUTH AFRICAN FIRMS FROM PROVIDING CERTIFICAIONS ON NON-MILITARY OR POLICE USE OF U.S. PRODUCTS BUT WE WOULD STRONGLY DOUBT IT WOULD DO SO IN VIEW OF ITS INTEREST IN MAINTAINING ACCESS TO U.S. EQUIPMENT. INFORMATION ON LABOR PRACTICES IS ONE AREA WHEN SAG COULD EASILY CLAMP DOWN AND WHICH COULD PREVENT FOREIGN-OWNED FIRMS FROM PROVIDING INFO IN RESPONSE TO ANY NEW FOREIGN LABOR CODES. EDMONDSON

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